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FISCAL IMPACT STATEMENT

LS 6329

BILL NUMBER: HB 1073

NOTE PREPARED: May 10, 2005

BILL AMENDED: Apr 29, 2005

SUBJECT: Bureau of Motor Vehicles.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR: Sen. Riegsecker

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill: (1) specifies that the Bureau of Motor Vehicles (BMV) has discretion to withhold certain medical records and evaluations regarding the ability of a driver to operate a motor vehicle safely;

(2) provides that a law enforcement agency has discretion to withhold certain items of personal information contained in the files of the law enforcement agency;

(3) exempts a social security number contained in the records of a public agency from disclosure;

(4) authorizes the BMV to conduct a reasonable investigation of a driver's continued fitness to operate a motor vehicle when the BMV has reason to believe that a licensed driver may not be able to operate a motor vehicle safely;

(5) specifies that the BMV may not suspend or revoke the license of a licensed driver whose fitness to drive safely is questioned until a reasonable investigation of the driver's continued fitness has been made by the BMV;

(6) revises language concerning public records confidentiality;

(7) requires the Driver Licensing Medical Advisory Board (DLMAB) to assist the Office of Traffic Safety (OTS) to develop programs and materials concerning senior citizens' driving ability;

(8) provides that certain driver's licenses issued to individuals at least 85 years of age expire two years after issuance;

(9) grants immunity from civil or criminal liability to a licensed physician, optometrist, or advanced practice nurse who makes a good faith report to the BMV concerning a patient's fitness to operate a motor vehicle not more than 30 days after having examined the patient;

(10) revises fees for copies of certain BMV records;

(11) revises educational and age requirements for a commercial driver training instructor's license;

(12) requires the Commissioner of the BMV to administer the policies and procedures of the BMV and to

submit budget proposals for the BMV to the Budget Director;

(13) requires a person operating a license branch to collect service charges and deposit them in the License Branch Fund (LBF);

(14) provides that certain driver's licenses under certain circumstances and state Identification Cards expire six years after issuance (current law provides that certain driver's licenses under certain circumstances and state identification cards expire four years after issuance);

(15) provides that fees and service charges for driver's licenses that expire six years after issuance and state identification cards be increased by 50%;

(16) requires the BMV to adopt rules for a 50% increase in certain charges related to driver's licenses and state Identification Cards that expire six years after issuance;

(17) requires the operator of a vehicle involved in an accident to report the accident to the BMV within ten days of the accident under certain circumstances (current law requires the report to be made to the State Police);

(18) authorizes the BMV to determine a schedule for yearly registration of certain vehicles;

(19) changes the regulation of licensing of vehicle merchandising;

(20) revises the replacement cycle for certain license plates from one year to two years;

(21) changes the defined term "implement of husbandry" to "implement of agriculture" for purposes of the motor vehicle code, and requires the BMV to determine categories of implements of agriculture by rule;

(22) redefines the terms "farm tractor" and "tractor" for purposes of the motor vehicle code;

(23) defines "special machinery" and sets a fee for registration;

(24) provides that certain motor vehicles may be operated and registered as farm trucks, farm trailers, or farm semitrailers and tractors if not used for certain commercial enterprises;

(25) provides for a 30-day registration for farm trucks, farm trailers, or farm semitrailers and tractors operated intrastate to transport farm products after the commodities have entered the channels of commerce;

(26) makes it a Class C infraction (and a Class B infraction for a second offense within three years) to operate or own a farm truck, farm trailer, or farm semitrailer and tractor if the vehicle is used for certain commercial enterprises;

(27) revises the definitions of "law enforcement officer" and "police officer" for purposes of the motor vehicle code to include a motor carrier inspector, and gives an inspector authority over violations of certain offenses involving a farm truck, farm trailer, or farm semitrailer;

(28) requires the BMV to adopt rules: (A) to identify and define "farm truck", "farm trailer", and "farm semitrailer and tractor"; and (B) related to the operation of farm vehicles

(29) prohibits a police officer from impounding certain farm products when a vehicle is discovered in violation of certain registration requirements, and removes the penalty against an officer for a reckless impoundment related to other registration requirements;

(30) revises the exclusion of certain garden tractors from the application of the Waste Tire Management Fund fee;

(31) repeals the definitions of "farm machinery", "farm tractor used in transportation", and "special farm machinery";

(32) repeals references to those terms within the motor vehicle code;

(33) deletes an obsolete reference to a financing statement for a farm tractor;

(34) repeals the license fee for certain vehicles used in farming operations;

(35) repeals a fee for certain reinstatement privileges from the BMV;

(36) authorizes the BMV to conduct driver examinations in a county where a license branch is located;

(37) removes authority for the BMV to issue a renewal license or identification card by mail or by electronic service;

(38) provides that a certain federal requirement concerning diabetic drivers who operate motor vehicles for private carriers of property does not apply when the carrier vehicle is operated intrastate under specific

circumstances; and
(39) makes technical corrections and conforming changes.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: *Part (4)* This part authorizes the BMV to conduct reasonable investigations of drivers' continued fitness to operate a motor vehicle and may increase expenditures for the BMV. Currently, BMV staff conducts evaluations of drivers for the Medical Licensing Board. To the extent that the investigations required in this proposal are more in-depth and time-consuming, associated expenditures will increase. The fund affected is the Motor Vehicle Highway Account (MVHA), which supports the BMV.

Part (5) This part may reduce the number of driver's license suspensions which occur, since a license may currently be suspended or revoked without an investigation. In CY 2003, the most recent year for which complete data are available, the BMV suspended 201,195 licenses.

Part (7) The Office of Traffic Safety reports that the materials and programs required to comply with this provision would come from the National Highway Traffic Safety Administration (NHTSA) (federal funds) and would be furnished at no charge to the OTS. The DLMAB provides assistance to the Commissioner of the BMV and the OTS with the driver licensing laws. It will continue to do so under this new provision. Whatever expenditures are attributable to this effort for the DLMAB will be minimal. The fund affected is the MVHA, which supports the BMV.

Part (8) This part provides that certain driver's licenses issued to individuals at least 85 years of age expire two years after issuance and that a vision examination is required to renew these licenses. Current licenses expire after four years. This part will require the Bureau of Motor Vehicles Commission (BMVC) to conduct more vision examinations than otherwise might occur. The one-time related computer expenditures are estimated at \$5,400. The fund affected is the state License Branch Fund (LBF), which supports the BMVC.

Parts (12 and 13) Submission of BMV budget proposals directly to the State Budget Agency, rather than first to the BMVC, has the potential for reduced administrative expenditures. The funds affected are the MVHA, which supports the BMV, and the LBF, which supports the operation of license branches throughout the state.

Background Information: As of June 30, 2004, the BMVC had a loan outstanding to the MVHA in the amount of \$63.3 M. This represents funds transferred from the MVHA to the state License Branch Fund to cover operating deficits incurred by the BMVC since the inception of the BMVC. It also includes start-up funds appropriated by the General Assembly for the operation of the BMVC.

Part (18) *Part (18)* The bill permits BMV to determine the registration schedule for passenger motor vehicles, recreational vehicles, motorcycles, or trucks with a declared gross weight of less than 11,000 lbs. This provision will stagger registration dates over an extended time period. The same amount of revenue will be collected, only over a longer time period. This will adjust the work flow for the 168 license branches throughout the state and may require additional expenditures for printing new registration schedules. These expenditures are expected to be minimal and able to be covered within the existing level of resources of the BMV. The fund affected is the Motor Vehicle Highway Account.

Part (21) For the BMV there will be printing and computer expenditures of an estimated \$5,000 associated with this proposal. The fund affected is the MVHA, which supports the BMV.

Part (24) This part will have no fiscal impact, but is linked to *Part (25)*

Part (25) For the BMV there will be computer changes to accommodate the newly established use period for farm vehicles. The fund affected is the MVHA. In addition, the BMV will be required to issue some type of documentation to identify those farm vehicles under the newly established use period. If stickers are used, the cost is \$0.14 per sticker. If temporary paper plates are used, the cost per plate is either \$0.47 per plate or \$0.43 per plate.

Part (29) The part prohibits a police officer from impounding certain farm products when a vehicle is discovered in violation of registration requirements, and removes the penalty against an officer for a reckless violation of this provision. This will have an impact on the State Police and will depend upon the number of such occurrences and the time involved. The funds affected are the state General Fund, the Motor Vehicle Highway Account, and the Motor Carrier Regulation Fund. It also revises the definition of law enforcement officer and police officer to include motor carrier inspectors.

Explanation of State Revenues: *Part (8)* To the extent that drivers at least 85 years of age will renew driver's licenses every two years as opposed to every four years, there may be a slight revenue increase. The fee for an operator's license is \$14 and is deposited in the MVHA. As of 2002, Indiana had 98,317 individuals aged 85 and over.

Part (10) The BMV will be held harmless with the new fee arrangement whereby the BMV may determine a fee not to exceed \$4 for electronic title requests beginning January 1, 2006. The specific revenue impact over time will depend upon the number of electronic title requests. Over the last five calendar years, the number of electronic title requests per year has increased from 52,000 to 118,000, with an estimated 182,000 electronic requests for 2006.

Background Information: Presently, BMV title or registration searches cost \$5.00 when requested electronically via access Indiana (\$4.00 statutory fee to the BMV and a \$1.00 enhanced access fee to the Network Manager).

Enhanced access fees fund the Access Indiana portal. Because the portal is supported by a self-funded model in a public/private partnership, all enhanced access fees go directly to the Network Manager (aka the private partner – Indiana Interactive). No funds are appropriated to support the Network Manager. The Network Manager contract is currently held by the Intelnet Commission.

All statutory fees are transferred to the appropriate agency.

Below is a table which shows the number of electronic title requests over the last five calendar years, with CY 2004 totals through November and projected for December.

Year	Number of Electronic Title Requests	Annual % Increase
2000	51,855	-
2001	66,375	28%
2002	77,145	16%
2003	100,946	31%
2004	118,450	17%

The average percent increase over the last two years amounted to an annual rate of 24%, resulting in an estimated 147,000 transactions for 2005 and 182,000 transactions for 2006.

Parts (14, 15, and 16): Additional Background Information: The tables describing the revenue impact for these provisions are based on the following estimated transactions counts.

Estimated Transaction Counts	Est CY 2006	Est CY 2007	Est CY 2008	Est CY 2009	Est CY 2010	Est CY 2011
4-Year Operator's License	956,375	929,095	937,627	1,014,882	0	0
3-Year Operator's License	74,000	74,000	74,000	74,000	74,000	74,000
4-Year Motorcycle Operator's License	23	28	21	26	0	0
3-Year Motorcycle Operator's License	0	0	0	0	0	0
Chauffeur License 4-Yr.	12,853	12,350	13,164	13,084	0	0
Chauffeur License 3-Yr.	0	0	0	0	0	0
4-Yr MC Endorsement	66,654	69,206	75,739	79,687	0	0
3-Yr MC Endorsement	0	0	0	0	0	0
Identification	205,406	196,831	204,781	236,527	0	0
Special Identification	15,199	15,665	17,506	15,109	0	0
Learner Permit	114,566	114,566	114,566	114,566	114,566	114,566
Motorcycle Learner Permit	25,501	25,501	25,501	25,501	25,501	25,501
Duplicate/Amended Learner Permit	10,054	10,054	10,054	10,054	10,054	10,054

2006	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year					
6 Yr Driver's Lic. Increased Fees	1,632,915	1,343,206		3,394,290	
Totals	1,632,915	1,343,206		3,394,290	
2007	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year				(609,060)	
6 Yr Driver's Lic. Increased Fees	1,589,747	1,318,753		3,309,447	
Totals	1,589,747	1,318,753		2,700,387	
2008	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year					
6 Yr Driver's Lic. Increased Fees	1,607,369	1,338,706		3,377,225	
Totals	1,607,369	1,338,706		3,377,225	
2009	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year				(609,060)	
6 Yr Driver's Lic. Increased Fees	1,732,068	1,421,728		3,662,341	
Totals	1,732,068	1,421,728		3,053,281	
2010	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year					
6 Yr Driver's Lic. Increased Fees	(4,351,029)	(1,769,741)	(628,255)	(7,365,730)	(1,570,638)
Totals	(4,351,029)	(1,769,741)	(628,255)	(7,365,730)	(1,570,638)
2011	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Plates 1-100 now 2-year				(609,060)	
6 Yr Driver's Lic. Increased Fees	(4,227,331)	(1,715,731)	(611,588)	(7,162,477)	(1,457,899)
Totals	(4,227,331)	(1,715,731)	(611,588)	(7,771,537)	(1,457,899)

Net Rev, Changes CY 06- CY11	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
2006	1,632,915	1,343,206		3,394,290	
2007	1,589,747	1,318,753		2,700,387	
2008	1,607,369	1,338,706		3,377,225	
2009	1,732,068	1,421,728		3,053,281	
2010	(4,351,029)	(1,769,741)	(628,255)	(7,365,730)	(1,570,638)
2011	(4,227,331)	(1,715,731)	(611,588)	(7,771,537)	(1,457,899)
Total Revenue Changes	(2,016,261)	1,936,920	(1,239,843)	(2,612,084)	(3,028,537)
	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Cost Savings					
Drivers License/\$1.542 ea.					
2010	1,603,071				
2011	1,603,071				
Total Savings	3,206,142				
	MVH	X rds 2000	Tech Fund	BMVC	Anti-Terror
Overall Changes	1,189,881	1,936,920	(1,239,843)	(2,612,084)	(3,028,537)
Net Change all funds	(3,753,662)				

MVH= Motor Vehicle Highway Account.

X rds= Crossroads 2000.

Tech Fund= BMV Technology Fund.

BMVC= Bureau of Motor Vehicle Commission.

Anti-Terror =Anti-Terrorism Fund.

Part (18) The BMV is allowed by the bill to determine the registration schedule for passenger motor vehicles, recreational vehicles, motorcycles, or trucks with a declared gross weight of less than 11,000 lbs. This part will stagger registration dates over an extended time period. The same amount of revenue will be collected, only over a longer time period.

Part (22) The part repeals the \$11.75 registration fee for farm tractors. In CY 2003, there were 64 farm tractors registered. Based on the 64 registrations, the revenue loss would amount to \$752. The funds affected are the Motor Vehicle Highway Account, the Crossroads 2000 Fund, the BMV Technology Fund, and the state License Branch Fund.

Part (23) The part defines "special machinery". In CY 2003, there were 11,950 vehicles classified as "special machinery". It is assumed that 11,000 of these vehicles no longer will be classified as "special machinery", but instead will be classified as a farm trailer 16,000 lbs. The fee for "special machinery" is \$16.75, while the fee for a farm trailer 16,000 lbs. is \$62.75, a difference of \$46. The net revenue increase is estimated at \$506,000.

Part (25) This part provides for an additional fee of 8.25% of the total fee for a particular weight class for the

30-day period. The potential revenue impact will depend upon the weight class of the vehicles involved and the attendant annual fee, along with the number of such occurrences. The funds affected are the MVHA, Crossroads 2000, the BMV Technology Fund, the state License Branch Fund, the Highway Road and Street Fund, the Local Road and Street Account, and the Public Safety Fund.

Part (26) Penalty Provision: The bill provides for a Class C infraction for the first offense and a Class B infraction for the second offense. If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. The maximum judgment for a Class C infraction is \$500, and \$1,000 for a Class B infraction, both of which are deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

Part (30) Waste Tire Management Fund Exclusion: The part changes the horsepower requirement for a lawn and garden tractor from 20 horsepower to 25 horsepower for imposition of the Waste Tire Management Fund fee. With this change, fewer new tires purchased will be subject to the \$0.25 fee. The fund affected is the Waste Tire Management Fund. The reduction in revenue attributable to lawn and garden tractors between 20 and 25 horsepower is not known.

Part (38) Issuing a Commercial Drivers' License (CDL) to heretofore ineligible persons will increase the number of CDLs issued. The fee for a four-year CDL is \$30, with \$15 deposited into the MVHA, \$14.50 deposited into the state License Branch Fund, and \$0.50 deposited into the BMV Technology Fund. In CY 2003, 16,321 CDLs were issued.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Bureau of Motor Vehicles; State License Branches; State Police; Department of Environmental Management; Criminal Justice Institute; Recipients of MVHA distributions; Intelenet Commission.

Local Agencies Affected: Local law enforcement agencies; Recipients of MVHA distributions.

Information Sources: BMV Driver Licensing Report for CY 2003; BMV Annual RBP 99 Report for CY 2003, page 374; Candy Irven, General Manager, Access Indiana, 317-233-2108; Mike Barnhart, Legislative Liaison, BMV, 317-233-1218; Charolotte Ashburn, Office of Traffic Safety, 317-232-1296; Jane Morrical, Director of Treasury for the BMV, 317-232-2822; Bureau of Motor Vehicles Cash Audit CY 2003; Criminal Justice Institute.

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